



# San Diego City Attorney **MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

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### **CITY ATTORNEY AGAIN CALLS ON AUDITOR TO STOP PAYMENT OF ILLEGAL BENEFITS** *Aguirre Cites California's Government Code Section 1094*

**San Diego, CA:** City Attorney Michael Aguirre today released a March 9 memorandum sent to City Auditor John Torell directing him again to halt the payments of illegal employee pension benefits of the San Diego City Employees' Retirement System (SDCERS) that were created in 1996 and 2002 by the San Diego City Council. Aguirre cited California Government Code section 1094 which states that before the auditor can disburse funds for department accounts submitted by any city officer, the auditor must first obtain from the officer an affidavit (or certificate) under penalty of perjury stating that no violations of State conflict-of-interest laws (Code section 1090) occurred.

"Not only was SDCERS out of compliance with the legal dictates of Government Code section 1094 but its administrator, Lawrence Grissom, and former SDCERS Board members are presently charged with having violated Government Code section 1090 in a criminal case which is being prosecuted by the District Attorney's Office," Aguirre stated.

Violations of Government Code section 1090 are further evidenced by a 2003 opinion by SDCERS' outside counsel that found the 2002 benefits agreement approved by the Pension Board should be rescinded due to State conflict-of-interest violations on the part of certain board members.

"The continued payment by the City Auditor of these illegal benefits cannot be certified or attested to as required by Government Code section 1094 and should immediately cease," Aguirre concluded.

Also, on January 8, 2006 a federal grand jury returned criminal indictments against the SDCERS former administrator Lawrence Grissom, its lawyer Lorraine Chapin, and three former trustees including firefighter union president Ron Saathoff. They were charged with multiple felonies, including conspiracy, wire and mail fraud and aiding and abetting. The indictment said the defendants conspired to illegally obtain enhanced retirement benefits for themselves in exchange for allowing the financially strapped city to under fund the pension system.

The City employees' pension system is \$2 billion in the hole created in part by illegal and unfunded pension benefits.

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